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SOURCE      Newspapers as indicated.

PAI CH'UNG-HSI'S MOVEMENTS INDICATE KMT STRATEGY

COMMANDS 3 ARMIES -- Nan-ch'iao Jih-pao, 7 Oct 49

General Pai Ch'ung-hsi, one of the foremost KMT military leaders in the present war against the CCP, now commands three armies led by Lu Tsi-yuan (Ueda: 14116, 12051, 6396), Chang Kan (3065, 6271), and Hsu Ch'i-ming (3141, 1873, 4485).

It was foreseen that if Ch'u-chiang fell, the railroad which runs to Kuang-chow would eventually be in the hands of the Communist army. Therefore, General Pai's solution was for the KMT army to withdraw to Kwangsi and protect the supply line for the southwest.

SETS UP FRONT-LINE HEADQUARTERS IN LING-LING -- Nan-ch'iao Jih-pao, 10 Oct. 49

Gen Pai Ch'ung-hsi's army of 200,000 retreated toward the southwest into Kwangsi and not toward Kwang-chow as the KMT news agencies reported. Pai reached Kwei-lin on 7 October and on 8 October set up front-line command headquarters in Ling-ling.

COMMUNISTS CONTINUE PUSH ON HUNAN BORDER -- Kung-shang Jih-pao, 17 Oct 49

After Kuang-chou fell, the Communists continued their determined push toward the Hunan border. At the same time they advanced along the Hunan-Kwangsi road in order to strike at Kwei-lin. It may be assumed that Kwangsi will be held by the KMT forces at all costs since it is the headquarters of the Kwangsi clique.

GOVERNMENT AGENCIES MOVED TO NAN-NING -- Hsin-sheng Wan-pao, 18 Oct 49

All Kwangsi provincial government agencies in Kuei-lin began their southward withdrawal to Nan-ning on 18 October 1949.

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KWANGSI PROVINCIAL GOVERNMENT MOVES TO NAN-NING -- Kung-shang Jih-pao, 25 Oct 49

Pai Ch'ung-hsi transferred his troops to Nan-ning, and Ch'ung-ch'ing gave official notice that the Kwangsi provincial government was being transferred from Kwei-lin to Nan-ning.

PAI CENTRALIZES KMT FORCES IN WESTERN KWANGSI -- Hsin-sheng Wan-pao, 19 Oct 49

General Pai has made full scale retreats seemingly without offering any resistance to the CCP army. It is surmised that his aim is to centralize all the KMT forces at Pai-se in Western Kwangsi.

KMT MILITARY CONFERENCE AT HAI-K'OU -- Kung-shang Jih-pao, 25 Oct 49

On 23 October, General Pai, Li Han-wen (4735, 6499, 14067), and Yu Han-mou (253, 6499, 11092) travelled from Ch'ung-ch'ing to Chan-chiang, where General Pai is to defend Kwangsi. The arc which links Kuang-chou-wan, Hainan, and Taiwan is being guarded by Chiang Kai-shek.

STRATEGIC IMPORTANCE OF CHAN-CHIANG AREA -- Hsin-sheng Wan-pao, 19 Oct 49

The KMT must defend Chan-chiang and its surrounding area since it is the lifeline through which American assistance will come to the Nationalists in the interior. This route must be defended, not only for the transport of American assistance materiel, but also to permit the troops of the Kwangsi clique to retreat into Kwangsi, and if necessary, down to the Kwangsi-Viet Nam and Yunnan borders. These border areas may soon become the only route through which the KMT remnants may be able to obtain American aid.

PAI PLANS ORGANIZATION OF NEW TROOPS -- Kung-shang Jih-pao, 24 Oct 49

To repel further CCP advance into Kwangsi, Gen Pai Ch'ung-hsi organized and established five military headquarters in Kwangsi: the North, Central, West, South and Southwest. Each headquarters includes approximately 15 - 25 hsien. The purpose of this move is to centralize leadership, organization, and finance. A campaign to conscript 100,000 Kwangsi citizens to form three new armies is scheduled to be effected within 3 months. This would add much to the strength of the Nationalists in their fight against the Communists.

REORGANIZATION OF FLYING TIGERS RUMORED -- Kung-shang Jih-pao, 24 Oct 49

General Pai's conference with General Chennault on 20 October has created rumors that Chennault was preparing to aid the KMT cause by reorganizing the Flying Tigers with 500 aircraft.

FRICTION AMONG KMT MILITARY COMMAND -- Hua-ch'iao Jih-pao, 15 Nov 49

Ever since the KMT armed forces in Hainan was placed under Ch'en Chi-t'ang's (Ueda: 12864, 6641, 5039) command, troops under other KMT leaders have been allowed to enter the island. It is reported that Chiang Kai-shek has refused to relinquish control over his troops in the Hainan area. These are some indications of friction among those in command in South China.

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